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## COMMITTEE ON ARMED SERVICES

U.S. House of Representatives

Washington, DC 20515-6035

ONE HUNDRED NINTH CONGRESS

September 20, 2006

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The Honorable Geoff Davis  
 U.S. House of Representatives  
 1541 Longworth HOB  
 Washington, D.C. 20515

Dear Geoff:

Now that our conference on the National Defense Authorization Act for Fiscal Year 2007 has entered its final stages, I wanted to express my sincere gratitude to you for your exemplary contributions to the conference—not only as a conferee, but as a member on the House Armed Services Committee Working Group on Predatory Lending. Your contributions and expertise were instrumental in raising awareness about this critical issue and ensuring that American servicemembers and their dependents are protected from predatory lenders.

Like yourself, I am a former Army Ranger, so I share your 100% commitment to protecting the financial security of our troops. Without question, your strong military background and tenaciousness in fighting for our servicemembers were instrumental in ensuring that the conference process would strengthen their protections from lenders who prey on them.

You helped to spearhead some of the key provisions to expand servicemember protections. As a result, the predatory lender provisions in the conference report will include your following recommendations:

- Provides unambiguous coverage to any servicemember on active duty regardless of deployment status;
- Gives Secretary of Defense direct control and oversight;
- Prohibits creditors from charging servicemembers annual interest percentage rates for loans that are higher than the legal residents of the state and caps annual percentage rates at 36 percent where all fees are included;

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- Expands the definition of interest to include all costs associated with the credit, including credit insurance, premiums, or any ancillary product sold with any extension of credit;
- Prohibits creditors from extending credit if the borrower's legal rights are waived, the creditor demands unreasonable notice from the borrower, arbitration is required in case of dispute, the creditor uses a check or other means of access to borrower's financial account as security for the obligation, or requires an allotment as a condition of the extension of credit, or if the borrower is prohibited from prepaying loan or charged a fee for repaying;
- Prohibits rollovers; and
- Requires that the Secretary of Defense, with other regulatory agencies, to establish the implementing regulations of this provision.

Your contributions have helped shape this comprehensive bill and our men and women in uniform and their families will benefit. I have relied on your expertise and want to thank you for "going beyond the call of duty" as a trusted and integral member of the House Armed Services Committee.

With kindest personal regards, I am

Sincerely,



Duncan Hunter  
Chairman